

Message Text

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DRAFTED BY ARA/APU:RCFELDER:JC

APPROVED BY ARA:HARYAN

ARA/APU:CEBARTCH

ARA:AFISHLOW

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TO AMEMBASSY BUENOS AIRES IMMEDIATE

INFO AMEMBASSY NASSAU IMMEDIATE

C O N F I D E N T I A L STATE 200956

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E.O. 11652: GDS

TAGS: BEXP, EFIN, AR

NASSAU: FOR ASSISTANT SECRETARY ROGERS

SUBJECT: MINISTER OF ECONOMY CAFIERO'S VISIT TO U.S. -

EXIM LOAN CONTRACTS

REF: (A) B.A. 5650; (B) BARTCH-BEAL TELCON AUGUST 22

1. EMBASSY SHOULD BE AWARE THAT EXIMBANK IS NOT, REPEAT NOT, PREPARED AT THIS TIME TO APPROVE LARGE TRANSACTIONS FOR ARGENTINA. THE BANK IS DEEPLY CONCERNED ABOUT ITS PRESENT EXPOSURE THERE IN VIEW THE CONTINUING DETERIORATION IN ARGENTINA'S ECONOMIC SITUATION, AND THE ABSENCE OF AN ECONOMIC POLICY. SINCE MID-JULY EXIMBANK BOARD HAS NOT APPROVED LARGE TRANSACTIONS FOR ARGENTINA. ON AUGUST 1 IT WITHDREW DISCRETIONARY AUTHORITY FROM THE PRIVATE BANKING COMMUNITY TO COMMIT EXIMBANK TO TRANSACTIONS OF UP TO DOL 300,000 WITHOUT PRIOR EXIMBANK APPROVAL. WE HAVE BEEN INFORMED THAT THE EXIMBANK BOARD ON AUGUST 21 DENIED APPROVAL FOR 9 PENDING LOANS, GUARANTEES AND PRELIMINARY

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COMMITMENTS.

2. FURTHERMORE, WE UNDERSTAND THAT ON AUGUST 27 EXIMBANK BOARD WILL FORMALLY CONSIDER GOING OFF COVER WITH RESPECT TO ARGENTINA. IF APPROVED, THIS WOULD ENTAIL NOTIFYING OVER 100 U.S. BANKS THAT EXIMBANK HAS CEASED TRANSACTIONS

WITH ARGENTINA. BECAUSE OF REVERBERATIONS SUCH A DECISION WOULD PRODUCE WITH EVIDENT CONSEQUENCES FOR BILATERAL RELATIONS, ARA IS WORKING ON HAVING A SENIOR DEPARTMENT OFFICIAL ATTEMPT TO CONVINCE EXIMBANK TO ADOPT ALTERNATIVE APPROACH INVOLVING POSTPONEMENT OF DECISIONS ON PENDING ARGENTINE CASES UNTIL SITUATION IN B. A. CLARIFIES. IN CIRCUMSTANCES, APPROACH TO EXIMBANK ON SIGNING CEREMONY WITH CAFIERO SUGGESTED REFTEL IS UNREALISTIC.

3. WITH RESPECT TO REFERENCE PARA 3 REFTEL TO SECRETARY'S PROMISE OF SUPPORT IN RESOLVING ARGENTINA'S FINANCIAL PROBLEMS, IT CONTINUES TO BE DEPARTMENT'S VIEW THAT THE USG HAS ALREADY PROVIDED THE QUOTE MORAL SUPPORT UNQUOTE WHICH EX-FOREIGN MINISTER VIGNES REQUESTED. THIS SUPPORT SHOULD NOT BE INTERPRETED AS ONGOING.

4. EXIMBANK STAFF HAS ADVISED US THAT ANSWERS TO QUESTIONS POSED B.A. 5452 HAVE BEEN PREPARED, AND WILL BE FORWARDED TO EMBASSY WHEN APPROPRIATE AUTHORIZATION OBTAINED. ROBINSON

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